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16 February 1952

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Copy No. 49

CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 56
NO CHANGE IN CLASS. X
I I DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 2007
AUTH: HR 70-2
DATE 12-14-79 REVIEWER: [Redacted]

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DOS review(s) completed.

Office of Current Intelligence

DIA review completed.

CENTRAL INTELLIGENCE AGENCY

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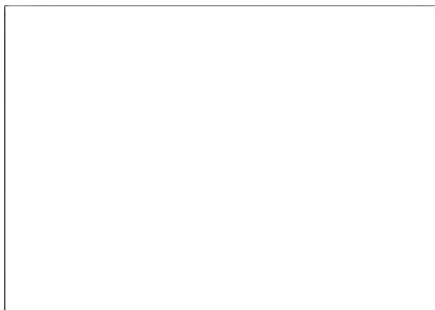
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FAR EAST



2. South Africa plans to ground its air squadron in Korea:

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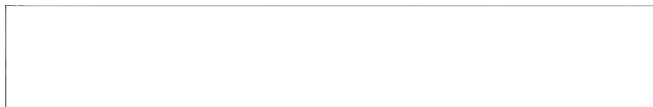
The Union of South Africa has told the United States that it will ground its air squadron in Korea beginning 31 March for three months, after which it will review its position. The South African officials explained that failure to obtain jet aircraft for the squadron necessitates this step, which does not involve repatriation of the personnel.

South African Prime Minister Malan, when reminded by the American Ambassador that such a move might start a chain reaction among other contributors to UN forces in Korea, assured him that South Africa does not "want to act in a hurry," but that the high loss rate and subsequent recruiting difficulties compel this move.

Malan stated that the decision could be reconsidered if his government had definite assurance of receiving jets within six months.

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Comment: Last September South Africa hinted at a possible grounding should it continue to fail to secure jets. Subsequently the United States informed South Africa that the squadron, which is using American-owned F-51 Mustangs, would be equipped with jets at the same time as similar American units.

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4. Soviet Union seeking trade with Burma:

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The American Embassy in Rangoon reports that the Soviet delegation to the recently-concluded ECAFE conference is prolonging its stay in Burma and is contacting local firms to promote trade with the USSR. The supply of illustrated pamphlets used by the Russians and the arrival of a TASS correspondent just before the conference ended causes the Embassy to suspect that these Soviet activities were prearranged.

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Comment: While the USSR has made broad offers of trade to India, Thailand, Ceylon and Indonesia, Burma is the first country in which it has attempted an overt, well-organized approach at economic penetration of South Asia.

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Since Burma's imports are strictly controlled by licensing and almost all established business firms have trading channels with the West, Soviet success will depend largely upon collaboration by the Burmese Government.

5. French plan attack on "third force" group in Indochina:

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French troops may shortly launch offensive operations in Cochinchina against the jungle-based 7,000-man "army" of the nationalist leader, Colonel Trinh Minh The. Although The's force is small, he has achieved a network of tentative alliances with other political groups which are both anti-Viet Minh and anti-French.

The American Legation believes that a French attack would be risky and "cannot vouch" that it would not provoke a general uprising of Vietnamese armed groups which have ostensibly been loyal to Bao Dai, possibly driving some of them into the Viet Minh camp.

Comment: Colonel The, formerly chief of staff to the armed forces of the influential Cao Dai politico-religious sect, renounced any cooperation with the French in mid-1951 and established "third force" headquarters on the Cochinchina-Cambodia border. His clandestine radio transmitter has broadcast violent attacks against both the French "imperialists" and the Viet Minh.

Colonel The's principal propaganda theme, a demand for complete freedom from all foreign intervention, has an enormous emotional appeal for the Vietnamese, and he could probably count on some support from the Cao Dai group, whose adherents number in the tens of thousands.

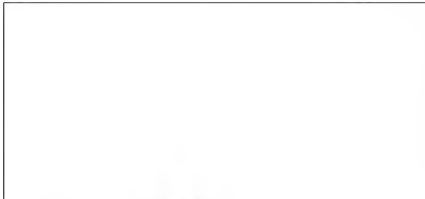
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NEAR EAST - AFRICA

6. Attempted assassination of Iranian Shah reported:

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Two men tried to assassinate the Shah on the night of 10 February. One of the assassins was captured in the Shah's living quarters, but no information has yet been obtained from him. The Iranian Government is maintaining

close secrecy,



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Comment: The Shah's assassination would remove the focal point for conservative opposition to the Mossadeq government. Since the Shah does not have a son and since there is no designated successor to the Iranian throne, his death would precipitate a major political crisis.

7. Iranian Prime Minister considers armed forces unfriendly to his party:

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Prime Minister Mossadeq considers the Iranian Army unfriendly to the National Front and has accused it of interfering in the elections. He told the American Ambassador that he had yet to find one high-ranking Iranian officer "who had not been or was not still in British service."

The Shah is responsible for the Army's conduct, but Mossadeq has asserted that he could not tolerate army interference in civil affairs and that he might have to take steps to counteract it.

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Comment: Mossadeq and the National Front are determined to reduce the power of the Shah and to put the armed forces under direct control of the government rather than of the ruler. Since the Shah and the armed forces are the focal point of conservative opposition to Mossadeq's government, their neutralization would remove the most important non-Communist opposition.

An attempt by the National Front to penetrate the air force has recently been reported by the US Air Attache in Tehran. He adds, however, that National Front officers who were in important positions have been removed. The Chief of Staff, backed by the Shah, is upholding their dismissal in the face of strong pressure from National Front leaders.

8. Egyptian student groups prepare to act against government:

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Egyptian university students who are members of the terrorist "Liberation Battalions" are considering demonstrations against Prime Minister Ali Maher's policy of suppressing all anti-British activities.

Other university students, members of the Wafd Party, are ready "to declare war on the new government" if such action is approved by the party's Secretary General.

Comment: These reports seem to show that student opposition to the new Egyptian Government, though still small-scale, is likely to increase rapidly if there is no visible progress toward solving the Anglo-Egyptian impasse. Under the Wafdist regime, Egyptian students played an important part in the anti-British demonstrations in Cairo and Alexandria, as well as in terrorist activities against British troops in the Canal zone.

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WESTERN EUROPE

9. Italy suspends strategic exports to Rumania:

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[REDACTED] The Italian Government is suspending the issuance of export licenses to Rumania in an effort to obtain the release of an Italian Legation employee arrested in Bucharest on espionage charges. Italy is not blocking shipment of embargoed equipment already licensed and paid for, however, on the grounds that such action would jeopardize the success of negotiations for the employee's release. It believes that the temporary non-issuance of export licenses may obtain the desired result, especially since Italy has allowed its debit trade balance with Rumania to mount to 350,000 dollars.

Comment: Italy has consistently opposed American proposals for joint representations by the Western powers to Bucharest on the general problem of immunity of western nationals in diplomatic missions in Rumania. It argues that such a step would hurt its own negotiations for the release of the employee.

10. Britain recommends hands-off policy in Saar dispute:

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[REDACTED] The British Foreign Office has drafted for Foreign Secretary Eden's approval a proposal that Britain and the United States urge Germany and France to solve the Saar question between themselves. The Foreign Office believes that discussions with the French and Germans might result in Anglo-American commitments as well as arouse French and German resentment at being pressed into an agreement.

A Foreign Office spokesman stated that political considerations would probably not allow Chancellor Adenauer to postpone negotiations on the Saar until after the problem of Germany's status in the European Defense Community has been settled and contractual relations have come into effect.

Comment: West German officials had suggested that the United States and Britain press Bonn and Paris for a settlement of the Saar dispute, which is a major obstacle to agreement on Germany's participation in Western defense.

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